

Message Text

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TAGS: PARM, EEC, IAEA, US

SUBJECT: EURATOM/IAEA SAFEGUARDS AGREEMENT: ACCOUNTING
FOR SPECIAL NUCLEAR MATERIALS OF US ORIGIN

1. SUMMARY. ON FEBRUARY 11 WE DISCUSSED INFORMALLY WITH OFFICIALS OF THE EC COMMISSION THEIR CONCERN ABOUT THE GROWING ADMINISTRATIVE BURDEN ON NUCLEAR OPERATORS IN THE COMMUNITY ARISING FROM THE AEC REQUIREMENT OF PRIOR APPROVAL FOR THE EXPORT OF US ORIGIN SPECIAL NUCLEAR MATERIALS TO THIRD COUNTRIES. THIS REQUIREMENT IMPOSES ON THE OPERATORS THE NEED FOR DUAL ACCOUNTING FOR MATERIAL OF US AND NON-US ORIGIN. THIS PROBLEM IS NOT DIRECTLY RELATED TO THE IAEA SAFEGUARDS VERIFICATION AGREEMENT, BUT THE SUBJECT OFTEN ARISES IN DISCUSSIONS OF THAT AGREEMENT. END SUMMARY.

2. IN PREPARATION FOR THE CHANGES WHICH THE EC/IAEA VERIFICATION AGREEMENT WILL REQUIRE IN THE EURATOM SAFEGUARD REGULATIONS, COMMISSION OFFICIALS HAVE RECENTLY HELD A SERIES OF MEETINGS WITH NUCLEAR OPERATORS IN THE MEMBER STATES. THEY TEL US THAT IN SUCH MEETINGS THE FIRST QUESTION FROM THE
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OPERATORS IS ALWAYS WHETHER THEY WILL BE REQUIRED TO MAINTAIN

SEPARATE ACCOUNTING RECORDS FOR US ORIGIN MATERIAL. THE COMMISSION FEELS IT IS UNDER INCREASING PRESSURE FROM THE OPERATORS, WHO BELIEVE THAT WHEN THEY ARE CONFRONTED WITH THE NEW RULES IN THE NEAR FUTURE AND WITH GREATER FLOWS OF MATERIAL, THEIR ACCOUNTING RESPONSIBILITIES WILL BECOME MORE AND MORE COMPLEX BUT LESS AND LESS RELATED TO REALITY.

3. IN ADDITION TO THESE QUESTIONS FROM THE OPERATORS, THE COMMISSION OFFICIALS BELIEVE THE SUBJECT IS SURE TO ARISE WHEN THE NEW SAFEGUARD REGULATIONS UNDER THE IAEA AGREEMENT ARE FORWARDED TO THE COUNCIL FOR ITS APPROVAL. THE MINISTERS ARE LIKELY TO HAVE BEEN MADE AWARE OF THE CONCERNS OF THE OPERATORS IN THEIR MEMBER STATES AND THEY, OR THE APPROPRIATE WORKING GROUP OF THE COMMITTEE OF PERMANENT REPRESENTATIVES, CAN BE EXPECTED TO RAISE SIMILAR QUESTIONS. IT IS NOT YET FIRM WHEN THE COMMISSION'S REVISED SAFEGUARDS REGULATIONS WILL BE FORWARDED TO THE COUNCIL BUT THE COMMISSION IS PROCEEDING WITH ITS REVISION IN ANTICIPATION THAT THE EC/IAEA SAFEGUARDS AGREEMENT WILL BE RATIFIED BY THE MEMBER STATES CONCERNED AND THUS COME INTO FORCE IN 1974.

4. THE COMMISSION OFFICIALS HAVE NO FIRM SUGGESTIONS REGARDING A SOLUTION TO THE PROBLEM OF PRIOR US APPROVAL BUT IT IS CLEAR THEY WOULD LIKE TO SEE THE ACCOUNTABILITY REQUIREMENTS CHANGED OR "SIMPLIFIED." ONE IDEA THEY ARE CONSIDERING IS TO SUGGEST TO US THAT THE REQUIREMENT FOR PRIOR APPROVAL BE WAIVED WHEN US ORIGIN MATERIAL IS EXPORTED OUTSIDE THE COMMUNITY TO A COUNTRY WHERE THE NPT IS IN FORCE; IT IS ANTICIPATED THAT IN FUTURE YEARS 85 TO 90 PERCENT OF THE EXPORTS OF SPECIAL NUCLEAR MATERIALS WILL BE TO SUCH COUNTRIES. (THE EURATOM OFFICIALS REALIZE THAT THE AEC WOULD HAVE TO REVIEW ITS POLICY NOT ONLY FOR EURATOM BUT FOR ALL COUNTRIES RECEIVING US ORIGIN MATERIAL.)

5. ANOTHER POSSIBLE AREA OF DISCUSSION WITH US IS TO CONSIDER HOW WE COULD DEFINE THE WAY AND UNDER WHAT CIRCUMSTANCES MATERIALS FROM VARIOUS SOURCES COULD BE SUBSTITUTED AND MIXED BY THE FACILITIES CONCERNED. THE COMMISSION OFFICIALS ASKED US TO CONVEY THEIR WILLINGNESS TO DISCUSS THIS GENERAL SUBJECT WITH AEC REPRESENTATIVES IN AN EFFORT TO GET THE PROBLEM ON LIMITED OFFICIAL USE

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THE TABLE SO THAT ALL ITS ASPECTS CAN BE EXAMINED; THEY SUGGEST THAT INVITATIONS BE EXTENDED TO COMMUNITY NUCLEAR OPERATORS TO PARTICIPATE IN SUCH DISCUSSIONS.

6. ACTION REQUESTED: IT WOULD BE APPRECIATED IF WE COULD BE INFORMED AS SOON AS POSSIBLE OF US VIEWS IN ORDER TO RESPOND TO THE COMMISSION'S REQUEST FOR DISCUSSION. (WE SUGGEST THAT CONSIDERATION BE GIVEN TO CONVENING THE US/EURATOM JOINT

TECHNICAL WORKING GROUP AS A SUITABLE FORUM FOR SUCH DISCUSSIONS.)

7. COMMENT. WE URGE THAT WE BE AS FORTHCOMING AS POSSIBLE IN OUR RESPONSE TO THE COMMISSION. WHILE THEIR ANTICIPATED CONCERNS MAY APPEAR SOMEWHAT EXAGGERATED, CLEARLY THE NUCLEAR OPERATORS FEEL THAT THEIR ACCOUNTING WORKLOAD MUST BE REDUCED AND SIMPLIFIED. AS WIDER ADHERENCE TO THE NPT BRINGS AND ENLARGEMENT OF THE AREA IN WHICH THERE WILL BE A LARGER FLOW OF NUCLEAR MATERIALS, BECAUSE OF THE INCREASE IN NUCLEAR POWER, IT APPEARS NECESSARY TO US THAT WE REVIEW OUR PREVIOUS POLICIES WHICH HAVE A BEARING, REAL OR PERCEIVED, ON THAT FLOW. THE COMMISSION'S REQUEST FOR DISCUSSIONS ON THIS SUBJECT MAY THEREFORE BE SEEN AS ONE OF THE CONSEQUENCES OF OUR POLICY IN RECENT YEARS OF STRIVING FOR SIGNATURE AND RATIFICATION OF THE NPT BY EC MEMBER STATES.
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